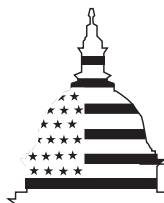


October 2008

# CONTINGENCY CONTRACTING

## DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan



G A O

Accountability \* Integrity \* Reliability

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Highlights of [GAO-09-19](#), a report to congressional committees.

## Why GAO Did This Study

The Departments of Defense (DOD) and State and the United States Agency for International Development (USAID) have relied extensively on contractors to carry out a range of services in Iraq and Afghanistan. While recognizing the benefits of using contractors, GAO and others have noted the challenges and risks associated with an increased reliance on contractors and the ability of agencies to manage their growing number of contractors.

As directed by the National Defense Authorization Act for Fiscal Year 2008, GAO analyzed DOD, State, and USAID data on contracting activities in Iraq and Afghanistan for fiscal year 2007 and the first half of fiscal year 2008 including (1) the number and value of contracts and the extent they were awarded competitively; (2) the number of contractor personnel, including those performing security functions; and (3) the number of contractor personnel who were killed or wounded. GAO also reviewed the status of the three agencies' memorandum of understanding (MOU) related to maintaining data on contracts and contractor personnel. GAO reviewed selected contract files and compared personnel data to other available sources to assess the reliability of the data reported by the agencies.

GAO provided a draft of this report to DOD, State, USAID, and the Department of Labor for comment. State and USAID provided technical comments that were incorporated where appropriate.

To view the full product, including the scope and methodology, click on [GAO-09-19](#). For more information, contact John Hutton at (202) 512-4841 or [huttonj@gao.gov](mailto:huttonj@gao.gov).

## CONTINGENCY CONTRACTING

### DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan

## What GAO Found

For the 18-month period GAO reviewed, DOD, State, and USAID reported obligating at least \$33.9 billion on almost 57,000 contracts for efforts such as construction, capacity building, security, and a range of support services for U.S. forces and other government personnel in Iraq and Afghanistan. About three-fourths of the reported obligations were for contracts with performance in Iraq. Of the total obligations, DOD accounted for almost 90 percent. Most of the three agencies' active contracts were awarded during GAO's review period and of these, about two-thirds were competed to one extent or another. However, during its file reviews in Iraq and Afghanistan, GAO found that DOD may have understated the extent to which it competed some contracts.

Complete and reliable data were not available for GAO to determine the total number of contractor personnel who worked on DOD, State, and USAID contracts in Iraq and Afghanistan. According to DOD's quarterly census, there were 197,718 contractor personnel working on its contracts in Iraq and Afghanistan as of April 2008. However, DOD did not routinely evaluate the data for accuracy and the number of local nationals working on contracts may be underreported. Neither State nor USAID had systems in place during our review period to track the number of contractor personnel. As a result, they could not provide complete personnel data. For example, while State and USAID had information from their contractors on the number of personnel performing security and demining functions in Afghanistan, they did not have similar information on personnel performing other functions in Afghanistan.

According to DOD and State officials, information on killed and wounded contractor personnel was not systematically tracked, which left them unable to provide reliable or complete data. While USAID could not provide specifics on its contractor personnel, USAID informed us that 206 individuals working on its projects, including contractor personnel, had been killed or injured in Iraq and Afghanistan during GAO's review period. Data available from Labor provides insight into the number of contractor personnel killed or injured as a result of hostile actions, accidents, and other causes while working on U.S. government contracts. Based on data provided by Labor, there were 455 reports received of contractors killed in Iraq and Afghanistan during the period of our review and 15,787 reports of injuries. However, there may be additional contractor deaths or injuries that were not reported to Labor.

In July 2008, the three agencies signed an MOU in which they agreed to use a DOD database to collect and maintain information on contracts and contractor personnel in Iraq and Afghanistan. According to DOD officials, as the agencies work together to implement the MOU, the agencies' ability to report on the number and value of contracts and the number of contractor personnel should improve.

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United States Government Accountability Office  
Washington, DC 20548

October 1, 2008

## Congressional Committees

As of July 2008, the Congress has approved a total of about \$859 billion for the military and diplomatic operations launched since 2001 as part of the Global War on Terror. The majority of this amount has been provided for Department of Defense (DOD) military operations in Iraq and Afghanistan. Most of the remaining funds have gone to DOD, Department of State, and United States Agency for International Development (USAID) efforts to develop Iraq and Afghanistan's infrastructure, improve their security forces, and enhance their capacity to govern.<sup>1</sup> DOD, State, and USAID have relied extensively on contractors to support troops and civilian personnel and to oversee and carry out reconstruction efforts. Contractors provide a range of services—including but not limited to—interpretation/translation, security, weapon systems maintenance, intelligence analysis, facility operations support, and road construction—that relate to practically every facet of U.S. efforts in Iraq and Afghanistan.

The use of contractors to support U.S. military operations is not new, but the number of contractors and the work they are performing in Iraq and Afghanistan represent an increased reliance on contractors to carry out agency missions. While recognizing the benefits of using contractors—such as increased flexibility in fulfilling immediate needs—we and others have noted the risks associated with the increased reliance on contractors and the challenges that federal agencies have in managing the growing

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<sup>1</sup>The Congressional Research Service (CRS) estimated that about 94 percent of the funds were for DOD and 6 percent were for foreign aid and embassy operations. CRS also estimated that about 76 percent of the funds have been for efforts in Iraq and 20 percent for Afghanistan. CRS, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*, RL33110 (Washington, D.C.: July 14, 2008).

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number of contractors and overseeing their performance.<sup>2</sup> Having reliable and meaningful data on contractors and the services they provide is critical for agencies to effectively manage and oversee their contractors. The Congress has taken a number of actions to increase oversight of contracts. Among these, section 861 of the National Defense Authorization Act for Fiscal Year 2008<sup>3</sup> required DOD, State, and USAID to sign a memorandum of understanding (MOU) by July 1, 2008, regarding matters relating to contracting in Iraq and Afghanistan, including maintaining common databases that will provide the three agencies and the Congress with information on contracts and contractor personnel in Iraq or Afghanistan.

The Act also directs that we annually review DOD, State, and USAID contracts in Iraq and Afghanistan and report on this review each year through 2010.<sup>4</sup> The Act specifies that for each reporting period we provide

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<sup>2</sup>See GAO, *Defense Management: DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight*, [GAO-08-572T](#) (Washington, D.C.: Mar. 11, 2008) and *Stabilizing and Rebuilding Iraq: Actions Needed to Address Inadequate Accountability over U.S. Efforts and Investments*, [GAO-08-568T](#) (Washington, D.C.: Mar. 11, 2008). See also, Special Inspector General for Iraq Reconstruction, *Contracting in Iraq Reconstruction*, SIGIR 07-010T (Washington, D.C.: May 10, 2007) and Department of Defense Inspector General, *Challenges Impacting Operations Iraqi Freedom and Enduring Freedom Reported by Major Oversight Organizations Beginning FY 2003 through FY 2007*, D-2008-086 (Arlington, Va.: July 18, 2008).

<sup>3</sup>Pub. L. No. 110-181.

<sup>4</sup>Pub. L. No. 110-181, §863. While the mandate and our report address DOD, State, and USAID contracting in Iraq and Afghanistan, other federal agencies such as the Departments of Agriculture, Justice, and the Treasury have contracts with performance in Iraq and Afghanistan that are not included in the scope of the mandate or our report.

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(1) the total number and value of contracts<sup>5</sup> that were active and those that were awarded<sup>6</sup> for performance in Iraq or Afghanistan and the extent to which those contracts used competitive procedures, (2) the total number of contractor personnel that worked on those contracts, including those performing security functions,<sup>7</sup> and (3) the number of contractor personnel killed or wounded. This first report provides the results of our analyses of agency-reported data for fiscal year 2007 and the first half of fiscal year 2008. We are also providing information on the status of the agencies' MOU as it relates to maintaining data on contracts and contractor personnel in Iraq and Afghanistan.

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<sup>5</sup>For the purposes of our annual report and the three agencies' MOU, section 864 of the Act defines a "contract in Iraq or Afghanistan" as "a contract with the Department of Defense, the Department of State, or the United States Agency for International Development, a subcontract at any tier issued under such a contract, or a task order or delivery order at any tier issued under such a contract (including a contract, subcontract, or task order or delivery order issued by another Government agency for the Department of Defense, the Department of State, or the United States Agency for International Development) if the contract, subcontract, or task order or delivery order involves work performed in Iraq or Afghanistan for a period longer than 14 days." The Federal Acquisition Regulation (FAR) defines a subcontract as a contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or other subcontracts. The FAR defines a task order as an order for services placed against an established contract or government sources. For the purposes of this report, when we use the term contract, we intend it to refer to a "contract in Iraq or Afghanistan" as defined in the act. However, due to limitations in how the agencies track their contracts, we included in our analyses contracts reported to us regardless of whether they had a performance period of more than 14 days. Also, the agencies were unable to provide data on the number or value of individual subcontracts.

<sup>6</sup>Since the Act did not define what constitutes an "active" contract, we considered a contract as active if an obligation or deobligation of funds was made on that contract in fiscal year 2007 and/or the first half of fiscal year 2008. There are other contracts that had performance in Iraq or Afghanistan during that time period but had no obligations or deobligations; these contracts were not included in our analyses. Contracts awarded in fiscal year 2007 and the first half of fiscal year 2008 are a subset of the active contracts.

<sup>7</sup>Section 864 of the Act defines private security functions, in part, as the "guarding of personnel, facilities or property of a Federal agency, the contractor or subcontractor, or a third party" and "any other activity for which personnel are required to carry weapons in the performance of their duties." This definition applies to contractors under a covered contract in an area of combat operations. The Act requires us to report "the total number of contractor personnel, on average, performing security functions." However, the data were not sufficiently reliable to calculate the average number of personnel providing security functions.



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## Scope and Methodology

To address our first objective, we obtained data from DOD, State, and USAID on the number of active contracts with performance in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008 and the amount of funds obligated on those contracts.<sup>8</sup> We also obtained data on the extent to which contracts were competitively awarded during the 18-month period covered by this review. After taking steps to standardize the data, such as removing duplicates, we compared the reported data to selected contract files in the United States, Iraq, and Afghanistan to assess the reliability of what was reported. We determined that the reported contract data were sufficiently reliable to establish the minimum number of active and awarded contracts and obligation amounts, as well as the minimum number of competed contracts, for the period of our review.

To address our second objective, we obtained data from the three agencies on the number of contractor personnel for the period of our review and discussed with them how they collected and tracked these data. To the extent that the agencies were able to provide contractor personnel data, we compared that data to other sources, such as contract data and information from contracting officers, to determine data consistency and reasonableness. We concluded that the personnel data were underreported. However, we are presenting the reported data along with their limitations as they establish a minimum number of contractor personnel and provide insight into the extent to which the agencies had information on the number of contractor personnel during the period of our review. Given the limitations we found, the data presented should not be used to reach conclusions about the total number of contractor personnel in Iraq and Afghanistan.

For our third objective, we requested that agencies provide us with data on the number of contractor personnel who had been killed or wounded during the period of our review and we discussed with agency officials how they collected these data. However, not all of the agencies were able to provide complete data, but they did provide what data they had available, which for one agency included data on individuals other than contractor personnel. We are presenting the agencies' data as they provide insight into the extent to which the agencies had information on the number of personnel killed or wounded. Because of the limitations

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<sup>8</sup> Amounts obligated in fiscal year 2007 and the first half of fiscal year 2008 were used to determine value as opposed to a contract's total estimated cost or price ceiling, for example, because obligations represent a specified sum of money that will require government expenditures as opposed to estimates.

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associated with agencies' data, they should not be used to reach conclusions about the total number of contractor personnel killed or wounded in Iraq and Afghanistan. Given the shortcomings in the three agencies' data, we obtained data from the Department of Labor<sup>9</sup> on the number of Defense Base Act cases for contractor personnel deaths and injuries that occurred in Iraq and Afghanistan during our review period to provide further insights on contractor casualties.<sup>10</sup> To assess the reliability of Labor's data, we reviewed existing information about how the data are collected and cases are processed and interviewed knowledgeable agency officials. We determined that Labor's data were sufficiently reliable for the purposes of this report, but the data should not be relied on to determine the total number of DOD, State, or USAID contractor personnel killed or wounded in Iraq or Afghanistan.

To provide information on the status of DOD, State, and USAID's MOU as it relates to maintaining data on contracts and contractor personnel in Iraq and Afghanistan, we obtained and reviewed a copy of the MOU. We also met with officials from the three agencies to discuss plans for implementing the MOU.

A more detailed description of our scope and methodology is included in appendix I. We conducted this performance audit from March 2008 through August 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings based on our audit objectives.

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## Summary

DOD, State, and USAID reported that they obligated at least \$33.9 billion during fiscal year 2007 and the first half of fiscal year 2008 on 56,925 contracts with performance in either Iraq or Afghanistan. Almost three-fourths of the reported obligations were for contracts with

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<sup>9</sup>The Defense Base Act requires all contractors that enter into contracts with the U.S. government and their subcontractors to secure workers' compensation insurance for their employees working overseas, including those who are not U.S. citizens. 42 U.S.C. §§ 1651-54. The Department of Labor administers the Defense Base Act.

<sup>10</sup>Labor initiates a case when it receives a notice of an injury or death. These notices include reports filed by employers and claims for benefits submitted by injured workers or by their survivors.

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performance in Iraq, with DOD having significantly more obligations than the other two agencies combined. The three agencies' contracts were for services and supplies related to efforts such as construction and capacity building, as well as a range of support services for U.S. military forces and other government personnel. Of the agencies' active contracts, almost 97 percent were awarded during the 18-month review period. The extent to which the agencies were required to compete these contracts depended on where the contract was awarded and performed, its dollar value, and the contracting method used. For all of the contracts awarded during the review period, the agencies reported that about two-thirds were competed to one extent or another. Competitively awarded contracts accounted for almost 85 percent of the obligations on new awards. The agencies reported using various competitive procedures, including full and open competition and simplified acquisition procedures, such as competitions among prequalified companies. However, DOD may have understated the extent to which it competed new awards. Of the 85 files we reviewed in Iraq and Afghanistan, we found 14 instances in which DOD reported that the contract had not been competitively awarded but the files indicated that competitive procedures were used to award the contract.

Complete and reliable data were not available for us to determine the total number of contractor personnel, including those performing security functions, who worked on DOD, State, and USAID contracts in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008.<sup>11</sup> During our review period, DOD initiated systems to track contractor personnel at the prime and subcontract levels in Iraq and Afghanistan. According to its quarterly census, there were 197,718 contractor personnel working on DOD contracts in Iraq and Afghanistan as of April 2008. However, DOD officials explained that data obtained from the census were not routinely evaluated for accuracy or completeness and there was reason to believe that the number of local nationals working on contracts was underreported. Additionally, DOD reported almost 25,000 individuals working on security contracts, but based on information from DOD and our analyses, that number also appears to be inaccurate with both duplicate and missing personnel. Unlike DOD, State and USAID did not have systems in place during the period we reviewed to track the number of contractor personnel in Iraq and Afghanistan and therefore could not

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<sup>11</sup>The term contractor personnel, as used throughout this report, refers to individuals, regardless of nationality, working for a prime contractor or subcontractor at any tier. Contractor personnel also include individuals who are working under personal services contracts with a government agency.

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provide complete data on their contractor personnel. However, based on queries made to their contractors, State reported that 7,192 contractor personnel were working in Iraq and Afghanistan as of July 2008, while USAID reported 5,150 contractor personnel as of early 2008. These numbers understate the number of State and USAID contractor personnel. For example, State's numbers for Afghanistan only included personnel performing security and demining functions. Similarly, USAID's numbers for Afghanistan only included personnel performing security functions, with a USAID official acknowledging that not all contractors had responded to the request for personnel data. Contractor personnel performing other functions, such as police training, in Afghanistan were not included in State or USAID's numbers.

DOD, State, and USAID were unable to provide complete or specific information on the number of contractor personnel who had been killed or wounded in Iraq or Afghanistan during the period of our review. DOD and State officials told us that information on killed or wounded contractor personnel was not systematically maintained or tracked in a manner that would allow the agencies to provide us reliable or complete data. Despite the lack of systems for tracking such data, DOD and State provided what information they had available on killed or wounded contractor personnel. For example, State informed us that based on an inquiry of its contractors, it was aware of 23 personnel who were killed in Iraq and Afghanistan during 2007, but it did not have information on the number wounded. USAID did have a process for tracking contractor personnel who were killed or wounded. USAID informed us that 105 individuals working on USAID programs in Iraq and Afghanistan had been killed and 101 individuals had been wounded or injured. However, USAID was unable to specify how many of these individuals were contractor personnel as opposed to individuals working on grants or otherwise working to implement USAID programs. Department of Labor data provide additional insight into the number of contractor casualties in Iraq and Afghanistan. Labor maintains data on cases reported to it under the Defense Base Act for contractor personnel killed or injured while working on U.S. government contracts overseas, including those in Iraq and Afghanistan. According to data provided by Labor, there were 455 cases of contractor personnel killed and 15,787 cases of injuries in Iraq and

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Afghanistan during our review period.<sup>12</sup> Deaths or injuries not reported to Labor would not be included in its data, so according to Labor officials, it is possible that the actual number of deaths or injuries in Iraq and Afghanistan is higher than the number of Defense Base Act cases.

DOD, State, and USAID signed a MOU in July 2008, agreeing to use the Synchronized Pre-Deployment and Operational Tracker (SPOT) database<sup>13</sup> to collect and maintain information on contracts and contractor personnel in Iraq and Afghanistan. Although the Act did not specify a minimum dollar value threshold above which contracts should appear in the database, the MOU established a \$100,000 threshold. Pursuant to the MOU, DOD is responsible for maintaining the SPOT database, but it is the responsibility of each agency to ensure that information is accurately entered into SPOT. DOD is already using SPOT to track information on some contractor personnel. State has also started ensuring that its contractors enter data on their personnel into SPOT and USAID is making plans to do so. Because SPOT does not currently capture all contract and contractor personnel data specified in the MOU, DOD officials informed us that they have planned a number of upgrades over the next several months. These include adding a field to indicate whether a contractor has been killed or wounded and linking SPOT to an existing government wide database on contracts so that data on contract value and competition do not have to be entered separately into SPOT. According to DOD officials, as the agencies work together to implement the MOU provisions and upgrades are made to facilitate SPOT's use and track required information, such as contractor casualties, the agencies' ability to report on the number and value of contracts and the number of contractor personnel should improve.

We provided a draft of this report to DOD, State, USAID, and Labor for review and comment. State and USAID provided technical comments, which we incorporated into this report where appropriate, while DOD and Labor had no comments.

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<sup>12</sup>The Act directs that we report on the number of wounded contractor personnel, but it does not provide a definition of wounded. Defense Base Act cases may be for injuries that occur while working under a U.S. government contract performed overseas and are not limited to injuries that are the result of hostile action.

<sup>13</sup>SPOT is a Web-based system initially created by DOD to provide greater visibility over contractors deployed with U.S. forces. In January 2007, DOD designated SPOT as its central repository for information on deployed contractors.

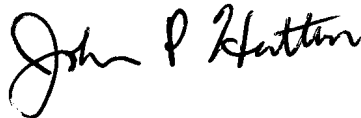
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Specific information on DOD contracts and contractor personnel can be found in appendix II, on State contracts and contractor personnel in appendix III, and on USAID contracts and contractor personnel in appendix IV, while data from Labor on Defense Base Act claims can be found in appendix V. Additional information regarding the agencies' MOU can be found in appendix VI.

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We are sending copies of this report to the Secretary of Defense, the Secretary of State, the Administrator of the United States Agency for International Development, the Secretary of Labor, and interested congressional committees. Copies will also be made available to others on request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-4841. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix VII.



John Hutton  
Director  
Acquisition and Sourcing Management

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*List of Committees*

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The Honorable John McCain  
Ranking Member  
Committee on Armed Services  
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The Honorable Peter Hoekstra  
Permanent Select Committee on Intelligence  
House of Representatives



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# Appendix I: Scope and Methodology

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Section 863 of the National Defense Authorization Act for Fiscal Year 2008<sup>1</sup> (Act) directs GAO to review and report on specific elements related to Department of Defense (DOD), Department of State, and United States Agency for International Development (USAID) contracts in Iraq and Afghanistan. In response to that mandate, we analyzed agency-reported data for fiscal year 2007 and the first half of fiscal year 2008 regarding (1) the number and value of DOD, State, and USAID contracts with work in Iraq and Afghanistan and the extent to which that work was awarded competitively, (2) the number of DOD, State, and USAID contractor personnel, including those performing security functions, that worked on those contracts, and (3) the number of contractor personnel that were killed or wounded. We also reviewed the status of the agencies' memorandum of understanding (MOU) as it relates to maintaining data on contracts and contractor personnel in Iraq and Afghanistan.

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## Contracts in Iraq and Afghanistan

To address our first objective, we obtained data from DOD, State, and USAID on the number of active and awarded contracts in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008, the extent to which those contracts were competitively awarded, and the amount of funds obligated on those contracts during the 18-month period covered by our review.<sup>2</sup> As we explain below, after we assessed the contract data provided by each agency, we determined the data were sufficiently reliable to determine the minimum number of active and

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<sup>1</sup>Pub. L. No. 110-181.

<sup>2</sup>For the purposes of our annual report, section 864 of the Act defines a "contract in Iraq or Afghanistan" as "a contract with the Department of Defense, the Department of State, or the United States Agency for International Development, a subcontract at any tier issued under such a contract, or a task order or delivery order at any tier issued under such a contract (including a contract, subcontract, or task order or delivery order issued by another Government agency for the Department of Defense, the Department of State, or the United States Agency for International Development) if the contract, subcontract, or task order or delivery order involves work performed in Iraq or Afghanistan for a period longer than 14 days." The Federal Acquisition Regulation (FAR) defines a subcontract as a contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or other subcontracts. The FAR defines a task order as an order for services placed against an established contract or government sources. For purposes of this report, when we use the term contract, we intend it to refer to a "contract in Iraq or Afghanistan" as defined in the Act. However, due to limitations in how the agencies track their contracts, we included in our analyses contracts reported to us regardless of whether they had a performance period of more than 14 days.

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awarded contracts and obligation amounts,<sup>3</sup> as well as the minimum number of competed contracts, for the period of our review. We could not rely on queries of the Federal Procurement Data System – Next Generation (FPDS-NG), which is the federal government’s current system for tracking information on contracting actions, as the primary source of data for our review. This was the case, in part, because in a prior related review we found that needed data were not always available from FPDS-NG due to the way individual agencies were and were not reporting individual contract actions.<sup>4</sup> We found that this continued to be the case. For example, individual contract actions by DOD’s Joint Contracting Command—Iraq/Afghanistan, as well as some USAID actions, were not entered into FPDS-NG. Also, we and others have reported on limitations associated with FPDS-NG data.<sup>5</sup>

As the agencies provided us with their contract data, we took steps to standardize their data to facilitate our analyses. This included removing contracts with no obligations or deobligations during our period of review,<sup>6</sup> obligations that occurred outside the period of our review, and duplicate contract actions. In some cases we excluded values when the agencies reported the total estimated cost of the contract instead of obligations to limit overstating the amounts obligated during the period of

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<sup>3</sup>Amounts obligated in fiscal year 2007 and the first half of fiscal year 2008 were used to determine contract value as opposed to a contract’s total estimated cost or price ceiling, for example, because obligations represent a specified sum of money that will require government expenditures as opposed to estimates.

<sup>4</sup>GAO, *Rebuilding Iraq: Status of Competition for Iraq Reconstruction Contracts*, [GAO-07-40](#) (Washington, D.C.: Oct. 6, 2006).

<sup>5</sup>GAO, *Improvements Needed to the Federal Procurement Data System-Next Generation*, [GAO-05-960R](#) (Washington, D.C.: Sept. 27, 2005) and Acquisition Advisory Panel, *Report of the Acquisition Advisory Panel to the Office of Federal Procurement Policy and the United States Congress* (Washington, D.C.: January 2007).

<sup>6</sup>Since the Act did not define what constitutes an “active” contract, we considered a contract as active if an obligation or deobligation of funds was made on that contract in fiscal year 2007 and/or the first half of fiscal year 2008. There are other contracts that had performance in Iraq or Afghanistan during that time period but had no obligations or deobligations; such contracts were not included in our analyses.

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our review.<sup>7</sup> Since the agencies used various numbering conventions to identify contracts, orders, and modifications, we reformatted the data so we could identify the unique contracts and orders and any associated modifications. Additionally, we categorized the competition information reported on contracts awarded during our review period. In many cases, the agencies simply reported “yes” or “no” as to whether the contract was competed, but in other cases they reported additional data on the extent of competition, such as whether full and open competition occurred. If the agencies reported any type of competition, such as full and open competition or simplified acquisition procedures as defined in the Federal Acquisition Regulation, we categorized the contract as “competed.”<sup>8</sup> We categorized contracts for which agencies reported that competition did not occur, such as those reported as sole source contracts, as “not competed.” We categorized contracts for which the agencies either provided no competition information or provided information that was not sufficient to determine whether competition occurred as “not reported.”

In analyzing the reported contract data from the three agencies, we identified the total number of contracts by counting the unique contracts that had obligations each fiscal year. Since some contracts had obligations in both fiscal year 2007 and the first half of fiscal year 2008, the number of active contracts for the entire period of our review is lower than the number of active contracts in fiscal year 2007 plus the number active in the first half of fiscal year 2008. In counting the number of contracts, we excluded the base contracts under which task orders were issued. This was done, in part, because such base contracts do not have obligations associated with them as the obligations are incurred with the issuance of each task order. All other contracts, task orders, delivery orders, and purchase orders were included in the count along with their associated

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<sup>7</sup>For some obligations, USAID did not indicate the fiscal year in which the obligation occurred. In several of those cases, after consulting with USAID officials, we substituted the contract start date for the obligation date. However, for some of the obligations, we were unable to determine when they occurred and we, therefore, did not include those obligations in our totals for either fiscal year 2007 or the first half of fiscal year 2008. Also, for some of its contracts, the Navy reported the total obligated amount over the life of a contract rather than the obligations for our review period. In those cases using the contract numbers provided by the Navy, we replaced the obligation amounts and dates provided with more detailed information from FPDS-NG.

<sup>8</sup>In analyzing the agencies’ data on competition, we did not evaluate the acquisition strategy used to award the contract actions, whether justifications for issuing awards noncompetitively were adequate, or whether task orders were within the scope of the underlying contract.

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obligations. The agencies were unable to provide data on the number or value of individual subcontracts and we were therefore unable to report these totals as required by the Act.

To assess the reliability of the contract data each agency reported, we matched the data on selected contract actions to information in the agencies' contract files. While we identified some discrepancies between what the agencies reported and what appeared in the files, we determined that the reported data were sufficiently reliable for our purposes when presented with the appropriate caveats. The following is a summary of the review of contract data and files conducted at each agency and our results:

- DOD—Because DOD's reported data came from multiple DOD components, we selected actions for review from the components that collectively represented 99 percent of the contracts and 98 percent of the obligations reported to us.<sup>9</sup>
  - For contracts awarded by the Joint Contracting Command—Iraq/Afghanistan, we limited our random sample to contract actions with contract files identified as being physically located in Baghdad or Kabul. During the course of our file review in Baghdad, we learned that some of the randomly selected actions could not be found or accounted for, but we were able to review 44 actions. We were also able to complete our review of 41 randomly selected files in Kabul. For the 85 actions reviewed, we identified relatively few discrepancies between the information in the files and the data reported to us, with the exception of the competition data. As discussed in the report, we identified cases in which competition was underreported.
  - For contracts awarded by the Air Force and Navy, we randomly selected 30 contract actions for each service and reviewed the associated files on-line using DOD's Electronic Document Access (EDA) system to validate all of the information except that pertaining to competition. Air Force and Navy officials sent us selected portions of contract files so we could validate the reported competition information. We identified some discrepancies pertaining to the modification number and the obligation amounts but determined that they were not significant enough to affect our count of contracts and their associated obligations.

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<sup>9</sup>We did not attempt to validate the contract data reported by DOD's Business Transformation Agency, Counterintelligence Field Activity, Defense Advanced Research Projects Agency, Defense Intelligence Agency, National Geospatial Agency, Special Operations Command, or Transportation Command as their contracts represented a small portion of DOD's total number of contracts and obligations.

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- For contracts awarded by the Army, we reviewed 30 randomly selected contract actions in EDA and reviewed the associated on-line documentation. We identified minor discrepancies between the information in EDA and the information reported to us. However, we did not separately assess the Army's reported competition information.
  - For contracts awarded by the Defense Logistics Agency (DLA), we took a different approach due to how DLA reported its data to us. We assessed the reliability of DLA's data by reviewing information about its data systems and interviewing an agency official knowledgeable about the data. We determined that the data were sufficiently reliable for our purposes.

On the basis of our comparison of the reported data to the information contained in DOD's files, we determined that the DOD-reported data were sufficiently reliable to determine the minimum number of active and awarded contracts and obligation amounts, as well as the minimum number of competed contracts.

- State—We reviewed files for 30 randomly selected contract actions performed by State's Office of Acquisition Management. This office performed 20 percent of the contract actions and 80 percent of the obligations reported to us. We identified very few discrepancies between what was reported and what appeared in the files. As a result, we determined that State's reported data were sufficiently reliable to determine the minimum number of active and awarded contracts and obligation amounts, as well as the minimum number of competed contracts.
- USAID—For contracts awarded in Iraq, we compared 36 randomly selected contract actions to information in files located at the USAID mission in Baghdad. We identified very few discrepancies between what was reported to us and what was in the files. For contracts awarded in Afghanistan, we compared 56 randomly selected contract actions to information in the files located at the USAID mission in Kabul. In reviewing those files, we determined that 6 were outside the scope of our review. For the remaining 50 actions, we identified very few discrepancies. Based on our comparison of the reported data to the information contained in USAID's files, we determined that USAID's reported data were sufficiently reliable to determine the minimum number of active and awarded contracts and obligation amounts, as well as the minimum number of competed contracts.

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## Contractor Personnel in Iraq and Afghanistan

To address our second objective, we obtained data from DOD, State, and USAID on the number of U.S. nationals, third country nationals, and local nationals working on contracts with performance in Iraq or Afghanistan during the period of our review.<sup>10</sup> These data included individuals reported to be performing security functions.<sup>11</sup> DOD provided us with data from the U.S. Central Command's (CENTCOM) quarterly census and the Synchronized Predeployment and Operational Tracker (SPOT) databases. We also reviewed relevant DOD orders and guidance related to the census and SPOT. As we discuss in the report, State and USAID officials told us they did not have data systems to track the number of personnel in Iraq and Afghanistan during our review period. However, they provided us with data available from periodic inquiries they had sent to their contractors.

To the extent the agencies were able to provide contractor personnel data for the period of our review,<sup>12</sup> we compared that data to other sources, such as contract data and information from contracting offices, to determine data consistency and reasonableness. All three agencies reported more active contracts than they provided personnel data for, which led us to conclude that the personnel data were underreported. We also identified discrepancies between the agencies' reported data and the data available from other sources. Furthermore, we discussed with agency officials the limitations and challenges they experienced in obtaining information on the number of contractor personnel, particularly for the period of our review. We are presenting the reported data along with their limitations as they establish a minimum number of contractor personnel and provide insight into the extent to which the agencies had information on the number of contractor personnel during the period of our review. Given the limitations we found, the data presented should not be used to reach conclusions about the total number of contractor personnel in Iraq and Afghanistan during our review period.

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<sup>10</sup>Third country nationals are individuals who are neither U.S., Iraq, nor Afghanistan nationals. Local nationals, also referred to as host country nationals, are Iraqis or Afghans who are working on contracts in their respective countries.

<sup>11</sup>Section 864 of the Act defines private security functions as the "guarding of personnel, facilities, or property of a Federal agency, the contractor or subcontractor, or a third party" and "any other activity for which personnel are required to carry weapons in performance of their duties." This definition applies to contractors under a covered contract in an area of combat operations.

<sup>12</sup>The term contractor personnel, as used throughout this report, refers to individuals, regardless of nationality, working for a prime contractor or subcontractor at any tier, as well as individuals working under personal services contracts with a government agency.

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## Killed or Wounded Contractor Personnel

To address our third objective, we requested data from DOD, State, and USAID on the number of contractor personnel killed or wounded during the period of our review. After informing us they did not have a reliable system for tracking contractor casualties, DOD officials directed us to use the Department of Labor's data on Defense Base Act (DBA) cases to determine the number of killed or wounded contractor personnel in Iraq and Afghanistan. In addition, some DOD components provided us with data they had available on killed or wounded contractor personnel, but we could not independently verify the data they provided. Similarly, State officials told us they did not have a data system to track contractor personnel killed or wounded in Iraq and Afghanistan during the period of our review, but they provided what information they had available based on contractor reports. USAID provided us with information on deaths and injuries it had compiled from its implementing partners, including contractors, in Iraq and Afghanistan but did not distinguish between contractor personnel and others. While we did not establish the reliability of the numbers provided to us by the agencies, we are nevertheless providing them as they provide insight into the extent to which the agencies had oversight of the number of personnel killed or wounded during the period of our review. Because of the limitations associated with the agencies' data, they should not be used to reach conclusions about the total number of DOD, State, or USAID contractor personnel killed or wounded in Iraq and Afghanistan.

We also obtained data from Labor on cases reported to it for contractor injuries or deaths that occurred in Iraq or Afghanistan during fiscal year 2007 and the first half of fiscal year 2008. Labor provided us with data on cases as of August 7, 2008, for injuries and deaths that occurred during the period of our review.<sup>13</sup> We assessed the reliability of Labor's data by reviewing existing information about the data and interviewing agency officials knowledgeable about the data. We determined that the data were sufficiently reliable for providing insight into the number of contractor casualties when presented with the appropriate caveats. In tracking DBA cases, Labor officials told us they do not collect information on the agency or contract that claimants worked under and, therefore, could not identify which injuries or deaths were sustained by contractor personnel working on DOD, State, and USAID contracts. As a result, the data presented are for contractor personnel, regardless of nationality, working under all U.S.

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<sup>13</sup> According to Labor officials, they typically report data on when the cases are filed instead of when the incident that caused the death or injury occurred.

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government agencies' contracts—not just DOD, State, or USAID contracts. Labor officials also explained that they do not track how deaths or injuries occurred, so it is not possible to determine whether a death or injury was the result of hostile actions, accidents, or natural and other causes. Labor's data, therefore, should not be relied on to determine the total number of DOD, State, or USAID contractor personnel killed or wounded in Iraq or Afghanistan.

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## Memorandum of Understanding

To provide information on the status of DOD, State, and USAID's MOU as it relates to maintaining data on contracts and contractor personnel in Iraq and Afghanistan, we obtained and reviewed a copy of the MOU. We also met with senior DOD, State, and USAID officials to discuss plans for implementing the MOU and making changes to the SPOT database. Additionally, we talked with officials from all three agencies regarding the use of SPOT and how they are or are not currently tracking the information that will eventually be captured in SPOT.

We conducted this performance audit from March 2008 through August 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings based on our audit objectives.



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# Appendix II: DOD Contracting in Iraq and Afghanistan

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This appendix provides information on the Department of Defense's (DOD) contracts, contractor personnel, and contractor personnel killed or wounded in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008. The first section of this appendix presents our analyses of DOD-reported data on the number and value of contracts and the extent to which these contracts were competed. In the second and third sections, we present DOD-provided information on contractor personnel and the number of killed or wounded contractor personnel, as well as some of the limitations associated with that information.

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## DOD Contracts in Iraq and Afghanistan

DOD reported at least \$30.3 billion in obligations on 55,603 contracts active in Iraq or Afghanistan during fiscal year 2007 and the first half of fiscal year 2008.<sup>1</sup> As shown in table 1, there were nearly twice as many contracts with performance in Iraq as in Afghanistan, and more than four times more obligations on contracts performed in Iraq as in Afghanistan.

Some DOD contracts with performance in Iraq and Afghanistan also included work outside those two countries. For example, the Navy reported multiple contracts with work in Iraq, Afghanistan, and the United States. Similarly, the Air Force reported that a number of its contracts included performance in both Iraq and Kuwait. However, in such cases, it was not possible based on the data reported to us to determine what portion of the obligated amount was for work in Iraq or Afghanistan. As a result, we counted contracts with performance in multiple countries and their associated obligations with the Iraq contracts if DOD identified the place of performance as including Iraq, but not Afghanistan. Similarly, we counted contracts and their associated obligations with the Afghanistan contracts if the place of performance included Afghanistan, but not Iraq. For contracts with performance in both Iraq and Afghanistan as well as contracts where DOD indicated that performance was in Iraq or Afghanistan but did not specify which country, we counted the contracts and their associated obligations as "other."

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<sup>1</sup>In counting the number of contracts, we excluded the base contracts under which task orders were issued. This was done, in part, because the base contracts do not have obligations associated with them as the obligations are incurred with the issuance of each task order. All other contracts, task orders, delivery orders, and purchase orders are included in the count along with their associated obligations. The count and obligations also do not include small dollar purchases (below \$3,000) made by DOD field ordering officers as information on these purchases, while maintained in log books, has not been tracked in DOD's contracting systems.

**Table 1: DOD Active Contracts and Obligations for Iraq and Afghanistan, Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Fiscal year 2007		First half of fiscal year 2008		Fiscal year 2007 and first half of fiscal year 2008	
	Number of active contracts	Obligation amount (in millions)	Number of active contracts	Obligation amount (in millions)	Number of active contracts	Obligation amount (in millions)
Afghanistan	12,743	\$3,192.2	6,543	\$1,903.6	18,889 <sup>a</sup>	\$5,095.7
Iraq	24,667	\$14,182.2	12,553	\$8,541.5	36,485 <sup>a</sup>	\$22,723.7
Other	149	\$1,621.7	123	\$861.5	229 <sup>a</sup>	\$2,483.2
<b>Total</b>	<b>37,559</b>	<b>\$18,996.0</b>	<b>19,219</b>	<b>\$11,306.6</b>	<b>55,603<sup>a</sup></b>	<b>\$30,302.6</b>

Source: GAO analysis of DOD data.

Note: Total obligations may not add due to rounding.

<sup>a</sup>Some contracts were active in both fiscal year 2007 and the first half of fiscal year 2008. As a result, the total number of active contracts during the 18-month period of our review is less than the number that were active each year added together. Obligation amounts are unique to each fiscal year so total obligations for the entire period are the sum of obligations in each fiscal year.

DOD's contracts, which were awarded by contract offices in the United States and abroad, were for a variety of goods and services including maintenance of DOD facilities, reconstruction, security, and supplies. These goods and services were obtained using different contracting methods. The majority of DOD contracts were purchase orders,<sup>2</sup> but purchase orders represented a relatively small amount of the reported obligations. In contrast, DOD reported relatively few active task orders, but nearly 70 percent of DOD's obligations were for task orders. These included orders against DOD logistic support contracts, such as the Army's Logistics Civil Augmentation Program (LOGCAP) contract that provides food service, housing, and other services for U.S. military personnel in southwest and central Asia. The Army obligated more than \$6 billion for a single LOGCAP task order during the period of our review.

While we were mandated to identify the total number and value of all DOD contracts, which is defined to mean prime contracts, task orders, and subcontracts at any tier, DOD was unable to provide data on the number of subcontracts or information on the value of individual subcontracts with performance in Iraq and Afghanistan. For the period of our review,

<sup>2</sup>Under the Federal Acquisition Regulation (part 2.101), a purchase order is an offer by the government to buy supplies or services, including construction and research and development, upon specified terms and conditions, using simplified acquisition procedures.

DOD officials informed us that they did not track or maintain data on the extent to which DOD contractors subcontracted portions of their work. Furthermore, there was no requirement to do so. Although the number and value of individual subcontracts cannot be determined from the data DOD reported, the value of the subcontracted work is captured within the amounts DOD obligated to its prime contractors.

Of the DOD contracts that were active in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008, almost all of them were awarded during that 18-month period (see table 2). These newly awarded contracts accounted for approximately 60 percent of DOD's obligated funds. DOD's remaining obligations were made on contracts awarded in fiscal year 2006 or earlier.

**Table 2: DOD New Contract Awards and Obligations for Iraq and Afghanistan, Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Fiscal year 2007		First half of fiscal year 2008	
	Number of new awards	Obligation amount (in millions)	Number of new awards	Obligation amount (in millions)
Afghanistan	12,335	\$1,946.9 <sup>a</sup>	6,091	\$820.4
Iraq	23,559	\$8,417.4 <sup>a</sup>	11,675	\$3,257.9
Other	113	\$1,072.0 <sup>a</sup>	69	\$123.2
<b>Total</b>	<b>36,007</b>	<b>\$11,436.2<sup>a</sup></b>	<b>17,835</b>	<b>\$4,201.5</b>

Source: GAO analysis of DOD data.

Note: Total obligations may not add due to rounding.

<sup>a</sup>In addition to the obligations in fiscal year 2007, DOD obligated \$2,474.8 million in the first half of fiscal year 2008 on contracts that were awarded in fiscal year 2007.

The extent to which DOD was required to compete a contract depended on where and for what purpose the contract is awarded and performed, its dollar value, and the contracting method used. The level of competition required for contracts (other than task orders) was determined based on dollar thresholds established in the Federal Acquisition Regulation (FAR). For contracts valued in excess of \$1 million to be used in support of a contingency operation and to be awarded and performed outside the United States,<sup>3</sup> DOD was required to conduct full and open competition.<sup>4</sup>

<sup>3</sup>Section 2.101 of the FAR defines the simplified acquisition threshold. The threshold is lower for contracts awarded and performed in the United States, which were not in the scope of our review.

FAR policy called for the use of simplified acquisition procedures, such as standing price quotations and source lists, below that threshold.<sup>5</sup> For contracts valued below \$25,000 to be used in support of a contingency operation and to be awarded and performed outside the United States,<sup>6</sup> the FAR provided that award may be made without soliciting competitive quotations if the price was determined to be reasonable.<sup>7</sup> Pursuant to the FAR,<sup>8</sup> statutory and regulatory competition requirements did not apply to the process of issuing task orders. However, where there were multiple awardees under the underlying indefinite delivery contract, the FAR required the contracting officer to provide each awardee a fair opportunity to be considered for each order exceeding \$3,000.<sup>9</sup>

Of the DOD contracts awarded in fiscal year 2007 and the first half of fiscal year 2008, about two-thirds were competed to one extent or another. DOD reported that of the 12,978 task orders issued, almost 95 percent were issued competitively, which accounted for about 91 percent of obligations on new task orders. For all other contracting methods, DOD reported using competitive procedures about 57 percent of the time (see table 3). These competitively awarded contracts (excluding task orders) accounted for almost 78 percent of the obligations for new contract awards. However, for the majority of the newly awarded contracts, DOD simply indicated whether or not competition occurred without further specifying the competitive procedures used. This is partially due to the fact that, according to DOD contracting officials in Iraq and Afghanistan, the system used to track contracts only allows them to select yes or no to indicate competition.

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<sup>4</sup>Section 6.101 of the FAR implements the Competition in Contracting Act (CICA) requirement for contracting officers to provide for full and open competition in awarding government contracts. The FAR also implements exceptions to CICA that permit contracting without providing for full and open competition where an appropriate justification supports the use of such authority. FAR 6.302.

<sup>5</sup>FAR 13.003 (a) and Subpart 13.1.

<sup>6</sup>Section 2.101 of the FAR defines the micro-purchase threshold. The threshold is lower for contracts awarded and performed in the United States, which were not in the scope of our review.

<sup>7</sup>FAR 13.201 (g) and 13.202 (a).

<sup>8</sup>FAR 16.505 (b)(1)(ii).

<sup>9</sup>FAR 16.505 (b)(1)(i).

**Table 3: DOD's Competition of Iraq and Afghanistan Contracts (excluding task orders) Awarded in Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Number of contracts	Percentage of contracts	Obligation amount (in millions)	Percentage of obligations
Competed	23,478	57.3	\$5,909.1	77.6
Not competed	15,474	37.8	\$1,501.2	19.7
Not reported	2,002	4.9	\$203.1	2.7
<b>Total</b>	<b>40,954</b>		<b>\$7,613.3</b>	

Source: GAO analysis of DOD data.

Note: Total obligations may not add due to rounding.

During the course of our file reviews in Iraq and Afghanistan, we found evidence that, in some cases, DOD underreported the number of contracts it had competitively awarded. Of the 85 files we reviewed, we found 14 instances in which DOD reported that the contract had not been competitively awarded but the files indicated that competitive procedures were used to award the contract. For example, for one contract that DOD reported as not being competitively awarded, the file indicated that a solicitation had been sent to multiple Afghani firms to compete for the contract. DOD contracting officials attributed this underreporting to multiple factors, including the lack of clear guidance on how to report limited competition awards in their contracting system. Also, some DOD contracting officials may have identified these competitively awarded contracts as not competed because they were low value contracts for which competition was not required.

## DOD Contractor Personnel in Iraq and Afghanistan

In June 2007, DOD's Central Command (CENTCOM) issued orders to initiate a quarterly census of contractor personnel within its Area of Responsibility, which includes Iraq and Afghanistan.<sup>10</sup> This was done to provide CENTCOM commanders with greater visibility over deployed contractors and assist them in planning for protection, medical, and other support for contractors. At the end of each quarter, DOD components are to provide CENTCOM with contractor personnel information on active service and construction contracts that have a period of performance

<sup>10</sup>CENTCOM is one of DOD's six geographic combatant commands. It is responsible for overseeing U.S. military operations that take place in 27 nations located in the Horn of Africa, the Arabian Gulf region, and Central Asia.

greater than 45 days. Information to be provided for each contract includes services being provided by the contractor (such as security, training, and transportation) and the numbers of U.S. citizens, third country nationals, and local nationals employed on the contract at all tiers.

DOD officials informed us that data from the quarterly census represented the best and most complete data available on DOD contractor personnel in Iraq and Afghanistan for the period of our review. As shown in table 4, DOD reported that as of April 2008, 197,718 contractor personnel worked on contracts in Iraq and Afghanistan.<sup>11</sup>

**Table 4: CENTCOM Quarterly Census of DOD Contractor Personnel Performing Duties in Iraq and Afghanistan**

	Afghanistan	Iraq	Total
As of November 2007	29,473	154,825	184,298
As of January 2008	36,520	163,591	200,111
As of April 2008	48,340	149,378	197,718

Source: CENTCOM census.

The census relies on contractor firms to self-report their personnel data. According to DOD officials, when they receive the data they review it to ensure that there are no obvious errors, but they do not routinely evaluate the accuracy or completeness of the reported data. A senior DOD policy official explained that conducting such an evaluation would be extremely labor and time intensive. Additionally, DOD contracting officials in Iraq and Afghanistan informed us that they have a limited ability to assess the reported data, in part, because security concerns hinder their ability to make on-site assessments. They told us they had reason to believe the data on local nationals were more likely to be incomplete because the number of local nationals working on contracts tends to fluctuate daily and local firms do not always keep precise track of the number of individuals working on their projects. In contrast, they explained that the number of U.S. citizen and third country national contractor personnel was likely to be more accurate as there tend to be fewer turnovers, which allows the firms to more easily track those employees.

<sup>11</sup>Per CENTCOM guidance, this number includes personnel working at the prime contract level and subcontract levels.

CENTCOM initiated the census as an interim measure for obtaining data on contractor personnel until DOD's Synchronized Predeployment and Operational Tracker (SPOT) was fully implemented. SPOT is a Web-based system that facilitates the monitoring and control of contractor personnel movement throughout a contingency area. SPOT enables the validation of contractor personnel associated with specific contracts and subcontracts by users of the system. In January 2007, SPOT was designated as DOD's primary system for collecting data on contractor personnel, regardless of nationality, for contractor personnel deployed with U.S. forces. The requirement to enter data into SPOT excluded personnel hired under contracts less than \$25,000 and for which the period of performance was less than 30 days. Under the phased implementation of SPOT, contractor firms were to enter personnel data for contracts performed in Iraq and Afghanistan by

- November 1, 2007, for DOD security and translator/linguist service contracts;
- March 15, 2008, for DOD-funded construction, as well as external and system support contracts; and
- May 1, 2008, for other DOD-funded contracts.

According to the SPOT data provided by DOD, there were 24,499 individuals working on contracts identified as providing security services in Iraq and Afghanistan as of July 2008. However, according to a senior DOD official familiar with the data, this number could include personnel performing functions other than armed security, such as information technology security. Also, in providing us with the data, DOD informed us that the number of individuals identified on these security contracts in SPOT may be inflated by up to 19 percent due to duplicative reporting, particularly for local and third country nationals.<sup>12</sup> However, in our analyses of the SPOT data, we found instances in which contractor personnel performing security services appeared to be underreported. Specifically, we identified 47 contracts categorized by CENTCOM as security contracts that did not appear in SPOT but were listed in the census as having at least 5,924 personnel during the second quarter of fiscal year 2008.

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<sup>12</sup>DOD also informed us that for all contractor personnel, not just those performing security functions, numbers in SPOT may be inflated by up to 7 percent.

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## Killed or Wounded DOD Contractor Personnel

Senior DOD officials informed us that the department does not track the number of contractor personnel who have been killed or wounded. As a result, the department was unable to provide us with comprehensive data on the number of contractor personnel who were killed or wounded in Iraq or Afghanistan during fiscal year 2007 and the first half of fiscal year 2008. DOD directed us to the Department of Labor's data on cases filed under the Defense Base Act to obtain data on contractor casualties (see app. V for data on these cases, which include deaths and injuries sustained by DOD and other contractor personnel).

For most of the period of our review, DOD did not have a requirement to track the number of contractor personnel killed or wounded. In January 2008, DOD issued a revised instruction<sup>13</sup> directing DOD components to submit casualty reports on all DOD contractor personnel outside the continental United States who are injured, missing, or killed as the result of hostile or nonhostile action or while accompanying armed forces in the field.<sup>14</sup> Information from the casualty report is to be entered into DOD's Defense Casualty Information Processing System. Additionally, in November 2007, DOD's Joint Staff updated its personnel manual to require the combatant commands to submit casualty reports for overseas contractor personnel who are declared dead, whereabouts unknown, missing, ill, or injured.<sup>15</sup> Information from these reports is to be entered into the Joint Personnel Status Report. However, according to DOD officials within the Office of the Secretary of Defense and the Joint Staff, the requirements in the instruction and manual are being phased in and neither the casualty system nor the personnel reports currently contain useful information for determining the overall number of DOD contractor personnel killed or wounded in Iraq and Afghanistan. Additionally, neither the quarterly census nor the current version of SPOT has a field for recording information on killed or wounded contractor personnel.

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<sup>13</sup>Department of Defense Instruction 1300.18, *Department of Defense Personnel Casualty Matters, Policies, and Procedures*, § 6.1.1 (Jan. 8, 2008). This instruction replaced the December 2000 version, which did not address contractor casualties.

<sup>14</sup>At their own discretion, the services and DOD components may also submit casualty reports for DOD contractor personnel on travel status.

<sup>15</sup>Chairman of the Joint Chiefs of Staff Manual 3150.13B, *Joint Reporting Structure - Personnel Manual*, Enclosure D, para. 10.r (Nov. 1, 2007). This manual replaced the February 2005 version, which did not address contractor casualties.



Despite the lack of departmentwide data on the number of contractor personnel killed or wounded, some DOD components provided us with limited information. According to data provided by the Defense Logistics Agency, 147 of its contractor personnel were killed, wounded, or missing in Iraq and Afghanistan during the period of our review. However, the Defense Logistics Agency noted that these data are based on correspondence from the contractors and it does not maintain a database on killed or wounded contractor personnel. Similarly, the Navy informed us that based on inquiries to its contractors, none of its contractor personnel had been killed or wounded. The Defense Intelligence Agency also informed us that none of its contractor personnel had been killed or wounded.

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# Appendix III: State Contracting in Iraq and Afghanistan

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This appendix provides information on the State's contracts, contractor personnel, and contractor personnel killed or wounded in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008. The first section of this appendix presents our analyses of State-reported data on the number and value of contracts and the extent to which those contracts were competed. In the second and third sections, we present State-provided information on contractor personnel and the number of killed or wounded contractor personnel, as well as some of the limitations associated with that information.

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## State Contracts in Iraq and Afghanistan

State reported at least \$1.9 billion in obligations on 1,046 contracts with performance in Iraq or Afghanistan during fiscal year 2007 and the first half of fiscal year 2008.<sup>1</sup> As shown in table 5, approximately 60 percent of both the contracts and their associated obligations were for performance in Iraq. While most of the remaining contracts and obligations were for performance in Afghanistan, State also reported three contracts that had performance in multiple countries, including Iraq and Afghanistan.

State's contracts, which were primarily awarded by its headquarters contracting office and posts in Iraq and Afghanistan, were for a variety of goods and services, such as construction and poppy eradication. To obtain these goods and services, State used different contracting methods. Most of State's active contracts—nearly 80 percent—were purchase orders. In contrast, task orders accounted for 85 percent of State's obligations during our review period. Most notably, State obligated over \$500 million for a single task order, which accounted for more than one-quarter of its obligations.

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<sup>1</sup>In counting the number of contracts, we excluded the base contracts under which task orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each task order. All other contracts, task orders, delivery orders, and purchase orders are included in the count along with their associated obligations.

**Table 5: State Active Contracts and Obligations for Iraq and Afghanistan, Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Fiscal year 2007		First half of fiscal year 2008		Fiscal year 2007 and first half of fiscal year 2008	
	Number of active contracts	Obligation amount (in millions)	Number of active contracts	Obligation amount (in millions)	Number of active contracts	Obligation amount (in millions)
Afghanistan	319	\$562.5	111	\$215.0	422 <sup>b</sup>	\$777.4
Iraq	452	\$986.3	191	\$148.1	621 <sup>b</sup>	\$1,134.4
Other <sup>a</sup>	2	\$1.7	2	\$1.0	3 <sup>b</sup>	\$2.7
<b>Total</b>	<b>773</b>	<b>\$1,550.4</b>	<b>304</b>	<b>\$364.1</b>	<b>1,046<sup>b</sup></b>	<b>\$1,914.5</b>

Source: GAO analysis of State data.

Note: Total obligations may not add due to rounding.

<sup>a</sup>“Other” includes contracts that State reported as having performance in multiple countries, including Iraq and/or Afghanistan.

<sup>b</sup>Some contracts were active in both fiscal year 2007 and the first half of fiscal year 2008. As a result, the total number of active contracts during the 18-month period of our review is less than the number that were active each year added together. Obligation amounts are unique to each fiscal year so total obligations for the entire period are the sum of obligations in each fiscal year.

While we were mandated to identify the total number and value of all State contracts, which is defined to mean prime contracts, task orders, and subcontracts at any tier, State was unable to provide data on the number of subcontracts or information on the value of individual subcontracts with performance in Iraq and Afghanistan. For the period of our review, State officials informed us that they did not track or maintain data on the extent to which State contractors subcontracted portions of their work. Furthermore, there was no requirement to do so. Although the number and value of individual subcontracts cannot be determined from the data State reported, the value of the subcontracted work is captured within the amounts State obligated to its prime contractors.

Of the State contracts with performance in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008, most were awarded in that 18-month period (see table 6). However, these newly awarded contracts accounted for a small percentage of State’s obligations. Of the newly awarded contracts, 75 percent had obligations of less than \$25,000 during our 18 month review period. Obligations on contracts awarded in fiscal year 2006 or earlier accounted for more than 82 percent of State’s obligations in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008.

**Table 6: State New Contract Awards and Obligations for Iraq and Afghanistan, Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Fiscal year 2007		First half of fiscal year 2008	
	Number of new awards	Obligation amount (in millions)	Number of new awards	Obligation amount (in millions)
Afghanistan	299	\$53.6 <sup>b</sup>	101	\$1.9
Iraq	419	\$223.5 <sup>b</sup>	153	\$21.6
Other <sup>a</sup>	0	\$0.0 <sup>b</sup>	1	\$0.2
<b>Total</b>	<b>718</b>	<b>\$277.1<sup>b</sup></b>	<b>255</b>	<b>\$23.7</b>

Source: GAO analysis of State data.

Note: Total obligations may not add due to rounding.

<sup>a</sup>“Other” includes contracts that State reported as having performance in multiple countries, including Iraq and/or Afghanistan.

<sup>b</sup>In addition to the obligations in fiscal year 2007, State obligated \$31.3 million in the first half of fiscal year 2008 on contracts that were awarded in fiscal year 2007.

The extent to which State was required to compete a contract depended on where and for what purpose the contract was awarded and performed, its dollar value, and the contracting method used. The level of competition required for contracts (other than task orders) was determined based on dollar thresholds established in the Federal Acquisition Regulation (FAR). For contracts valued in excess of \$1 million to be used in support of a contingency operation and to be awarded and performed outside the United States,<sup>2</sup> State was required to conduct full and open competition.<sup>3</sup> FAR policy called for the use of simplified acquisition procedures, such as standing price quotations and source lists, below that threshold.<sup>4</sup> For contracts valued below \$25,000 to be used in support of a contingency operation and to be awarded and performed outside the United States,<sup>5</sup> the

<sup>2</sup>Section 2.101 of the FAR defines the simplified acquisition threshold. The threshold is lower for contracts awarded and performed in the United States, which were not in the scope of our review.

<sup>3</sup>Section 6.101 of the FAR implements the Competition in Contracting Act (CICA) requirement for contracting officers to provide for full and open competition in awarding government contracts. The FAR also implements exceptions to CICA that permit contracting without providing for full and open competition where an appropriate justification supports the use of such authority. FAR 6.302.

<sup>4</sup>FAR 13.003 (a) and Subpart 13.1.

<sup>5</sup>Section 2.101 of the FAR defines the micro-purchase threshold. The threshold is lower for contracts awarded and performed in the United States, which were not in the scope of our review.

FAR provided that award may be made without soliciting competitive quotations if the price was determined to be reasonable.<sup>6</sup> Pursuant to the FAR,<sup>7</sup> statutory and regulatory competition requirements did not apply to the process of issuing task orders. However, where there were multiple awardees under the underlying indefinite delivery contract, the FAR required the contracting officer to provide each awardee a fair opportunity to be considered for each order exceeding \$3,000.<sup>8</sup>

Of the State contracts awarded in fiscal year 2007 and the first half of fiscal year 2008, almost 61 percent were competed to one extent or another. State reported that of the 110 task orders issued, 24 percent were done so competitively. However, State did not report the extent of competition for almost 52 percent of the orders issued during our review period, which accounted for nearly 80 percent of its obligations on new task orders. For all other contracting methods, State reported using competitive procedures about two-thirds of the time (see table 7). For the 569 new contracts (excluding task orders) that State reported as competed, the department generally reported using full and open competition. However, for 5 percent of its contracts, State either did not provide competition information or the information provided was not sufficient to determine whether competition occurred.

**Table 7: State's Competition of Iraq and Afghanistan Contracts (excluding task orders) Awarded in Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Number of contracts	Percentage of contracts	Obligation amount (in millions)	Percentage of obligations
Competed	569	65.6	\$61.1	55.7
Not competed	252	29.1	\$39.4	35.9
Not reported	46	5.3	\$9.3	8.4
<b>Total</b>	<b>867</b>		<b>\$109.7</b>	

Source: GAO analysis of State data.

Note: Total obligations may not add due to rounding.

<sup>6</sup>FAR 13.201 (g) and 13.202 (a).

<sup>7</sup>FAR 16.505 (b)(1)(ii).

<sup>8</sup>FAR 16.505 (b)(1)(i).

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## State Contractor Personnel in Iraq and Afghanistan

During fiscal year 2007 and the first half of fiscal year 2008, State did not have a centralized system for tracking the number of contractor personnel. As a result, State was unable to provide us with comprehensive data on contractor personnel, including those performing security functions, in Iraq and Afghanistan during our review period. However, in response to our request for data, State provided limited personnel data it had received through inquiries made to its contractors. State reported that as of July 2008, 6,341 contractor personnel were working in Iraq and an additional 851 were working in Afghanistan. State's contractor personnel are likely understated. According to the information provided by State, these contractor personnel were working on approximately 40 contracts in Iraq and 3 in Afghanistan, which is considerably less than the number of active contracts State reported to us. Of the contractor personnel State reported to be working in Iraq, 73 percent were reported to be performing security functions. However, of the contractor personnel in Afghanistan, 650 were reported to be performing security functions while the remainder was supporting demining efforts, which means that contractor personnel performing other services in Afghanistan, such as construction and translation, were not reported to us. We previously reported that for one contract in Afghanistan, there were 540 contractor personnel training and mentoring the Afghan national police as of April 2008—these personnel were not included in the numbers State reported to us.<sup>9</sup>

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## Killed or Wounded State Contractor Personnel

For the period of our review, State did not have a system to track the number of contractor personnel killed or wounded in Iraq or Afghanistan. State officials noted that they were not required to track such information, but they were able to provide partial data on the number of contractor personnel who had been killed or wounded. They indicated that the information provided to us was the best available. In 2007, State sent an inquiry to its contractors to obtain information on contractor deaths. In response, State's contractors reported that during fiscal year 2007, 23 contractor personnel had been killed in Iraq and Afghanistan. Of these, 19 were reported to have been killed in Iraq. State officials explained that they did not verify the information provided by contractors. Additionally, they explained that they have not requested information on the number of contractor deaths or the number of contractor personnel wounded in fiscal year 2008.

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<sup>9</sup>GAO, *Afghanistan Security: Further Congressional Action May Be Needed to Ensure Completion of a Detailed Plan to Develop and Sustain Capable Afghan National Security Forces*, [GAO-08-661](#) (Washington, D.C.: June 18, 2008).

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# Appendix IV: USAID Contracting in Iraq and Afghanistan

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This appendix provides information on United States Agency for International Development's (USAID) contracts, contractor personnel, and contractor personnel killed or wounded in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008. The first section of this appendix presents our analyses of USAID-reported data on the number and value of contracts and the extent to which those contracts were competed. In the second and third sections, we present USAID-provided information on contractor personnel and the number killed or wounded, as well as some of the limitations associated with that information.

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## USAID Contracts in Iraq and Afghanistan

USAID reported at least \$1.7 billion in obligations on 276 contracts active in Iraq or Afghanistan during fiscal year 2007 and the first half of fiscal year 2008.<sup>1</sup> As shown in table 8, the number of contracts and obligations were relatively equal for both Iraq and Afghanistan over the 18-month period of our review. These contracts, which were primarily awarded by USAID contract offices overseas, were for a range of goods and services, such as building roads and supporting local governance programs. These also include contracts for individuals to work as personal services contractors in Iraq and Afghanistan.<sup>2</sup> Eighty-three percent of USAID's active contracts were stand-alone contracts, which made up approximately 43 percent of USAID's obligations. In comparison, task orders made up 12 percent of USAID's active contracts but accounted for 45 percent of its obligations.

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<sup>1</sup>In counting the number of contracts, we excluded the base contracts under which task orders were issued. This was done, in part, because such contracts do not have obligations associated with them as the obligations are incurred with the issuance of each task order. All other contracts, task orders, delivery orders, and purchase orders are included in the count along with their associated obligations.

<sup>2</sup>USAID is authorized under §636 of the Foreign Assistance Act of 1961 (Pub. L. No. 87-195) to contract for personal services. The FAR (Part 2.101) defines personal services contracts as contracts that, by their express terms or as administered, make the contractor personnel appear to be, in effect, government employees.

**Table 8: USAID Active Contracts and Obligations for Iraq and Afghanistan, Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Fiscal year 2007		First half of fiscal year 2008		Fiscal year 2007 and first half of fiscal year 2008	
	Number of active contracts	Obligation amount (in millions)	Number of active contracts	Obligation amount (in millions)	Number of active contracts	Obligation amount (in millions)
Afghanistan	99	\$427.5	82	\$529.8	154 <sup>a</sup>	\$957.3
Iraq	91	\$767.4	35	\$43.5	122 <sup>a</sup>	\$810.9
<b>Total</b>	<b>190</b>	<b>\$1,194.8</b>	<b>117</b>	<b>\$573.3</b>	<b>276<sup>a</sup></b>	<b>\$1,768.1</b>

Source: GAO analysis of USAID data.

Note: Total obligations may not add due to rounding.

<sup>a</sup>Some contracts were active in both fiscal year 2007 and the first half of fiscal year 2008. As a result, the total number of active contracts during the 18-month period of our review is less than the number that were active each year added together. Obligation amounts are unique to each fiscal year so total obligations for the entire period are the sum of obligations in each fiscal year.

While we were mandated to identify the total number and value of all USAID contracts, which is defined to mean prime contracts, task orders, and subcontracts at any tier, USAID was unable to provide data on the number of subcontracts or information on the value of individual subcontracts with performance in Iraq and Afghanistan. USAID officials, who noted that there was no requirement to do so, explained that they did not track or centrally maintain data on the extent to which USAID contractors subcontracted portions of their work. However, they noted that some individual contract files contain information on subcontracts but that information is not readily available. Although the number and value of individual subcontracts cannot be determined from the data USAID reported, the value of the subcontracted work is captured within the amounts USAID obligated to its prime contractors.

Of the USAID contracts that were active in Iraq and Afghanistan during fiscal year 2007 and the first half of fiscal year 2008, two-thirds were awarded during that 18-month period (see table 9). However, the majority of USAID's obligations were made on contracts awarded in fiscal year 2006 or earlier. In fiscal year 2007, newly awarded contracts accounted for one-quarter of the obligations, while newly awarded contracts accounted for only 17 percent of the obligations in the first half of fiscal year 2008.



**Table 9: USAID New Contract Awards and Obligations for Iraq and Afghanistan, Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Fiscal year 2007		First half of fiscal year 2008	
	Number of new awards	Obligation amount (in millions)	Number of new awards	Obligation amount (in millions)
Afghanistan	66	\$70.9 <sup>a</sup>	46	\$56.8
Iraq	43	\$227.0 <sup>a</sup>	21	\$38.1
<b>Total</b>	<b>109</b>	<b>\$297.9<sup>a</sup></b>	<b>67</b>	<b>\$94.8</b>

Source: GAO analysis of USAID data.

Note: Total obligations may not add due to rounding.

<sup>a</sup>In addition to the obligations in fiscal year 2007, USAID obligated \$100.2 million in the first half of fiscal year 2008 on contracts that were awarded in fiscal year 2007.

The extent to which USAID was required to compete a contract depended on where and for what purpose the contract is awarded and performed, its dollar value, and the contracting method used. The level of competition required for contracts (other than task orders) was determined based on dollar thresholds established in the Federal Acquisition Regulation (FAR). For contracts valued in excess of \$1 million to be used in support of a contingency operation and to be awarded and performed outside the United States,<sup>3</sup> USAID was required to conduct full and open competition.<sup>4</sup> FAR policy called for the use of simplified acquisition procedures, such as standing price quotations and source lists, below that threshold.<sup>5</sup> For contracts valued below \$25,000 to be used in support of a contingency operation and to be awarded and performed outside the United States,<sup>6</sup> the FAR provided that award may be made without soliciting competitive

<sup>3</sup>Section 2.101 of the FAR defines the simplified acquisition threshold. The threshold is lower for contracts awarded and performed in the United States, which were not in the scope of our review.

<sup>4</sup>Section 6.101 of the FAR implements the Competition in Contracting Act (CICA) requirement for contracting officers to provide for full and open competition in awarding government contracts. The FAR also implements exceptions to CICA that permit contracting without providing for full and open competition where an appropriate justification supports the use of such authority. FAR 6.302.

<sup>5</sup>FAR 13.003 (a) and Subpart 13.1.

<sup>6</sup>Section 2.101 of the FAR defines the micro-purchase threshold. The threshold is lower for contracts awarded and performed in the United States, which were not in the scope of our review.

quotations if the price was determined to be reasonable.<sup>7</sup> Pursuant to the FAR,<sup>8</sup> statutory and regulatory competition requirements did not apply to the process of issuing task orders. However, where there were multiple awardees under the underlying indefinite delivery contract, the FAR required the contracting officer to provide each awardee a fair opportunity to be considered for each order exceeding \$3,000.<sup>9</sup>

Of the USAID contracts awarded in fiscal year 2007 and the first half of fiscal year 2008, almost 97 percent were competed to one extent or another. USAID reported that it competitively issued all six of its task orders with performance in Iraq and Afghanistan. For all other contracting methods, USAID reported using competitive procedures 97 percent of the time (see table 10). For the new 175 contracts (excluding task orders) that USAID reported as competed, 12 were reported as awarded under full and open competition and 2 were awarded under simplified acquisition procedures. For the rest of the competed contracts, USAID only indicated that the contracts were competed without indicating the extent.

**Table 10: USAID’s Competition of Iraq and Afghanistan Contracts (excluding task orders) Awarded in Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Number of contracts	Percentage of contracts	Obligation amount (in millions)	Percentage of obligations
Competed	175	96.7	\$474.4	99.5
Not competed	6	3.2	\$2.6	0.5
<b>Total</b>	<b>181</b>		<b>\$476.9</b>	

Source: GAO analysis of USAID data.

USAID Contractor Personnel in Iraq and Afghanistan

During fiscal year 2007 and the first half of fiscal year 2008, USAID did not have a centralized system for tracking the number of contractor personnel. However, USAID officials explained they had made efforts to collect data on contractor personnel performing security functions in Iraq and Afghanistan. USAID made periodic inquiries of its contractors to obtain personnel information. As a result, USAID was able to provide us with some data on the number of security contractors but could only provide

<sup>7</sup>FAR 13.201 (g) and 13.202 (a).

<sup>8</sup>FAR 16.505 (b)(1)(ii).

<sup>9</sup>FAR 16.505 (b)(1)(i).

limited data on personnel performing other functions. USAID reported that, as of February 2008, 1,975 contractor personnel worked on contracts in Iraq and 840 of those individuals performed security functions. For Afghanistan, USAID reported that as of April 2008 there were 3,175 contractor personnel, all of whom performed security functions.

USAID contractor personnel data are likely underreported as they reflect contractor personnel working on 50 contracts, which is less than the 276 active contracts USAID reported to us. Also, USAID officials identified a number of limitations associated with the data provided to us. According to a senior USAID official in Afghanistan, not all of the contractor firms responded to USAID's request for data on contractor personnel and no effort was made to verify the information that was reported. Nevertheless, he explained that these data were the best available. Similarly, USAID officials in Iraq told us they were unable to verify the completeness or accuracy of the number reported to us.

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### Killed or Wounded USAID Contractor Personnel

For the period of our review, USAID relied on reports from its implementing partners, which include contractors, to maintain a count of the number of individuals that had been killed or wounded while working on USAID programs. In providing us with the information from those reports, USAID was unable to specify how many of these individuals were contractor personnel as opposed to individuals working on grants or otherwise working to implement USAID programs. USAID informed us that in fiscal year 2007 and the first half of fiscal year 2008, 22 individuals had been killed in Iraq and 83 had been killed in Afghanistan. An additional 18 individuals were reported wounded in Iraq and 83 were reported injured or disabled in Afghanistan. In providing the information on individuals killed or injured in Afghanistan, USAID noted that several deaths and injuries were the result of traffic accidents.

# Appendix V: Defense Base Act Cases for Contractor Personnel Killed or Injured in Iraq and Afghanistan

The Congress enacted the Defense Base Act (DBA) in 1941 to provide workers' compensation protection to employees of government contractors working at U.S. defense bases overseas. Subsequent amendments to DBA extended coverage to other classes of government contractor employees. The insurance required under DBA provides employees with uniform levels of disability and medical benefits or—in the event of death—provides benefits to eligible dependents. Contractors, including subcontractors, are required to provide DBA insurance to all of their employees regardless of nationality, working outside the United States on U.S. military bases or under a contract with the U.S. government for public works or for national defense. The Department of Labor administers DBA and, as such, maintains data on the number of deaths and injuries reported to it.<sup>1</sup>

According to Labor, there were 16,242 cases for deaths or injuries that occurred in Iraq and Afghanistan in fiscal year 2007 and the first half of fiscal year 2008 (see table 11). Of these, 455 were deaths and 15,787 were injuries. The majority of the injuries reported involved incidents that did not result in contractor personnel missing work. Nearly 85 percent of the cases were for deaths or injuries that occurred in Iraq.

**Table 11: Defense Base Act Cases for Deaths and Injuries in Iraq and Afghanistan by Fiscal Year of Death or Injury, Fiscal Year 2007 and the First Half of Fiscal Year 2008**

	Afghanistan		Iraq	
	Fiscal year 2007	First half fiscal year 2008	Fiscal year 2007	First half fiscal year 2008
Deaths	40	12	337	66
Injuries	1,962	567	9,148	4,110

Source: GAO analysis of Labor data.  
Note: Cases may be for contractor personnel who are under contract with U.S. government agencies other than DOD, State, and USAID.

DBA cases are likely to represent the minimum number of contractor deaths and injuries that occurred during our review period. Labor officials told us that a DBA case record is created in their database once they are notified of a contractor death or injury. However, they informed us that

<sup>1</sup>Labor initiates a case when it receives a notice of a death or injury. Notices include reports filed by employers and claims for benefits submitted by injured workers or by their survivors.

there may be contractor deaths or injuries that are not reported and, as a result, do not appear in Labor's data. They stated it is more likely that injuries to local and third country nationals, particularly those working on subcontracts, are underreported. They noted that there have been a number of efforts to help ensure that all contractor personnel, regardless of nationality, are aware of their rights under DBA and are encouraged to claim benefits as appropriate.

In tracking DBA deaths and injuries, Labor does not collect information on the agency or contract that the contractor personnel worked under and therefore could not identify which claims were made by contractor personnel working on DOD, State, and USAID contracts. Labor also does not maintain data on how deaths and injuries occurred, so it is not possible to determine whether a death or injury was the result of hostile actions, accidents, or natural and other causes. Such information can only be obtained by reviewing individual case files.

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# Appendix VI: Memorandum of Understanding on Contracting in Iraq and Afghanistan

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The National Defense Authorization Act for Fiscal Year 2008 (Act) directed the Secretary of Defense, the Secretary of State, and the Administrator of the United States Agency for International Development (USAID) to sign a memorandum of understanding (MOU) related to contracting in Iraq and Afghanistan.<sup>1</sup> The law specified a number of matters to be covered in the MOU, including the identification of each agency's roles and responsibilities for matters relating to contracting in Iraq or Afghanistan, responsibility for establishing procedures for the movement of contractor personnel in the two countries, and identifying common databases that will serve as repositories of information on contracts and contractor personnel in Iraq or Afghanistan. After negotiations between the Department of Defense (DOD), Department of State, and USAID were completed, the final signature was added to the MOU on July 10, 2008. No later than 120 days after signing the MOU, the three agencies are required to issue policies or guidance and develop regulations, as necessary, to implement the MOU at their respective agencies.

In the MOU provisions regarding the identification of common databases for contracts and contractor personnel, the three agencies agreed that DOD's Synchronized Pre-Deployment and Operational Tracker (SPOT) database will be the system of record for the contract and contractor personnel information required by section 861. The MOU specified that SPOT will include information on contracts in Iraq and Afghanistan with performance periods of more than 14 days or valued at more than \$100,000 and their associated personnel, as appropriate. While the Act specified the 14 days or more threshold, it did not specify a minimum dollar value threshold regarding which contracts should appear in the database.

According to the MOU, DOD is responsible for all maintenance and upgrades to SPOT, which it originally designed and used. Each agency will be responsible for ensuring that data elements related to contractor personnel, such as the number of personnel employed on contracts in Iraq or Afghanistan, are entered into the system and for requiring its contractors to input that information accurately. Other data elements that are related to the contract, such as the value of the contract and whether it was awarded competitively, will be pulled into SPOT from the Federal Procurement Data System – Next Generation (FPDS-NG), which is the federal government's current system for tracking information on contracting actions.

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<sup>1</sup>Pub. L. No. 110-181, § 861.

The three agencies are at various stages in implementing and using SPOT. DOD has been using SPOT since early 2007 to track its contractor personnel in Iraq and Afghanistan. DOD has drafted new instructions that detail the requirements for the expanded use of SPOT by contractors to conform with the Act and MOU. DOD officials explained that as is currently the case, contractors will be required to enter information on their contractor personnel into SPOT once the DOD contracting officer enters the contract number into the system. In terms of ensuring that contract information is pulled into SPOT, information on individual contracts awarded by DOD in Iraq and Afghanistan are not currently entered into FPDS-NG. However, DOD officials told us that there are plans underway to ensure that information on these contracts is entered into FPDS-NG so their information can be pulled into SPOT. State officials told us that they have been using SPOT on a limited basis as part of a pilot program, but they expect information on State's contracts and contractors to be entered into SPOT by early November 2008. USAID and its contractors have not started using SPOT. According to USAID officials, they are currently working to educate contractors on the use of SPOT. USAID is initially focusing on contractors that have large security subcontracts and will then focus on all other contractors with security subcontracts. While USAID officials were uncertain as to when its contractors will start entering data into SPOT, they stated that they fully expect to comply with the provisions of the MOU.

DOD has already begun taking actions to have SPOT ready to fulfill the MOU. Plans have been developed to add new fields to SPOT, specifically to record information on contractor personnel who have been killed or wounded. According to DOD officials, as the agencies work together to implement the provisions of the MOU and upgrades are made to SPOT to facilitate its use and track required information, such as contractor casualties, the ability of the agencies to report on the number and value of contracts, as well as on the number of contractor personnel, will improve. Similarly, State officials indicated that having a centralized system for tracking contractor personnel will be beneficial as it will reduce concerns about limited visibility over contractors and allow the department to more readily respond to requests for contract and contractor personnel information.

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# Appendix VII: GAO Contact and Staff Acknowledgments

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## GAO Contact

John Hutton (202) 512-4841 or [huttonj@gao.gov](mailto:huttonj@gao.gov)

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## Acknowledgments

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